

RECORDATION NO. 10769 D

OCT - 4 '99

4-44PM

SLOVER & LOFTUS

ATTORNEYS AT LAW

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WASHINGTON, D. C. 20036

RECORDATION NO. \_\_\_\_\_ FILED

OCT - 4 '99

~~2-14PM~~

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October 4, 1999

BY HAND DELIVERY

The Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street NW, Suite 700  
Washington, D.C. 20423

Re: Dairyland Power Cooperative;  
Recording of Supplement to Consolidated Mortgage and  
Security Agreement Dated as of August 1, 1999

Dear Mr. Williams:

Enclosed for filing and recordation pursuant to 49 U.S.C. § 11301 and the Board's regulations at 49 C.F.R. § 1177, we enclose on behalf of Dairyland Power Cooperative, a Wisconsin cooperative, two original counterparts of the following document:

Supplement to Consolidated Mortgage and Security Agreement, dated as of August 1, 1999, made by and among Dairyland Power Cooperative, Mortgagor, and United States of America and First Trust Company of New York, National Association, Trustee, as Mortgagees.

This Supplement is a secondary document under 49 C.F.R. § 1177.1(b). The primary document with which this Supplement is associated is filed under Recordation No. 10769.<sup>1</sup>

The names and addresses of the parties to the aforementioned documents are as follows:

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<sup>1</sup> The equipment referenced in this Supplement is also subject to the security interest recorded at Recordation No. 18312.

The Hon. Vernon A. Williams  
October 4, 1999  
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Mortgagor/Debtor:

DAIRYLAND POWER COOPERATIVE  
P.O. Box 817  
LaCrosse, WI 54602-0817

Mortgagees/Secured Parties:

UNITED STATES OF AMERICA  
Rural Utilities Service  
Washington, D.C. 20250-1500

U.S. BANK TRUST NATIONAL ASSOCIATION, AS TRUSTEE,  
formerly named  
FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, as  
Trustee  
100 Wall Street  
Suite 1600  
New York, NY 10015

Please file and record the documents referred to in this letter, and index them under the names of the Mortgagor and Mortgagee. It is requested that the document be assigned Recordation No. 10769-D.

The equipment covered by this document consists of four hundred ninety-four (494) coal unit train cars, more specifically described as follows:

Two hundred forty-four (244) cars were previously identified in Recordation Nos. 10769-B and 10769-C, and are all steel "bath tub" gondola design cars. The A.A.R. mechanical designations of these 244 cars are J312 (GT). Two hundred nineteen (219) of those cars are 4,240 cubic foot capacity "Coalveyors" built by ACF Industries in 1979. These cars bear the reporting marks DAPX 1-242 in numerical sequence, excepting the following numbers: DAPX-33, 36, 37, 47, 61, 79, 90, 93, 142, 144, 147, 155, 157, 160, 165, 174, 185, 196, 207, 213, 219, 233, and 241.

Twenty-five (25) cars are 4,389 cubic foot capacity "Coalporters" built by Bethlehem Steel in 1989, and bear the reporting marks DAPX 243-267, numbered sequentially.

The Hon. Vernon A. Williams  
October 4, 1999  
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Two Hundred Fifty (250) Aluminum Outside Stake Flat Floored Bethgon Coalporter coal cars, manufactured by Johnstown America Corporation in 1999. These cars bear reporting marks DAPX 301 - 550, numbered sequentially. The A.A.R. mechanical designation for these cars is J311 (GT).

The short summary of this document for indexing purposes is:

Supplement dated as of August 1, 1999 to Consolidated Mortgage and Security Agreement relating to the Consolidated Mortgage and Security Agreement with Recordation No. 10769, and covering four hundred and ninety-four (494) coal unit train cars.

Enclosed is a check in the amount of \$26.00 to cover the requisite filing fees. Please accept for recordation one counterpart, stamp the remaining counterpart with your recordation number, and return them to the bearer of this letter along with your fee receipt addressed to the undersigned.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink, reading "Andrew B. Kolesar III". The signature is written in a cursive, flowing style with a prominent "A" and "K".

Andrew B. Kolesar III  
An Attorney for Dairyland  
Power Cooperative

Enclosures

10769D  
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FILED

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WISCONSIN 64-BF8 and BG8 LA CROSSE

**SUPPLEMENT TO  
CONSOLIDATED MORTGAGE  
AND  
SECURITY AGREEMENT**

Made By and Among

**DAIRYLAND POWER COOPERATIVE**

3200 East Avenue South  
La Crosse, Wisconsin 54602-0817,  
**Mortgagor**

and

**UNITED STATES OF AMERICA**

Rural Utilities Service  
Washington, D.C. 20250-1500,  
**Mortgagee**

and

**FIRST TRUST COMPANY OF NEW YORK, NATIONAL ASSOCIATION, TRUSTEE**

100 Wall Street  
New York, New York 10015,  
**Mortgagee**

RECORDATION NO. 10769D FILED

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Return to

Parcel No.

THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.  
THE DEBTOR AS MORTGAGOR IS A TRANSMITTING UTILITY.  
THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL PROPERTY, AFTER-ACQUIRED PROPERTY, PROCEEDS, FUTURE ADVANCES AND FUTURE OBLIGATIONS.  
THIS INSTRUMENT IS A SUPPLEMENTAL MORTGAGE TO SECURE ADDITIONAL LOANS MADE AND GUARANTEED BY THE GOVERNMENT.  
COUNTY OF DEBTOR'S RESIDENCE: LA CROSSE  
THIS INSTRUMENT WAS PREPARED BY ATTORNEY HELEN WYSKOCZKA, OFFICE OF THE GENERAL COUNSEL, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C. 20250-1414  
NOTICE: This Mortgage secures credit in the amount of up to 1 billion dollars (\$1,000,000,000) and advances up to this amount, together with interest, are senior to indebtedness to other creditors under subsequently recorded or filed mortgages or liens.

SUPPLEMENT, dated as of August 1, 1999, to CONSOLIDATEDMORTGAGEANDSECURITYAGREEMENT, dated as of February 10, 1993, made by and among DAIRYLAND POWER COOPERATIVE (hereinafter called the "Mortgagor"), a corporation existing under the laws of the State of Wisconsin, UNITED STATES OF AMERICA (hereinafter called the "Government"), acting through the Administrator of the Rural Utilities Service (hereinafter called "RUS"), successor to the Administrator of the Rural Electrification Administration, NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (hereinafter called "CFC"), a corporation existing under the laws of the District of Columbia, and FIRST TRUST COMPANY OF NEW YORK, NATIONAL ASSOCIATION, TRUSTEE (hereinafter called the "Trustee"), a corporation existing under the laws of the State of New York (the Government, CFC and the Trustee being hereinafter sometimes collectively called the "Mortgagees").

WHEREAS, pursuant to Public Law No. 103-354, the Rural Utilities Service is the successor to the Rural Electrification Administration (hereinafter sometimes called "REA") and the Administrator of the Rural Utilities Service is the successor to the Administrator of the Rural Electrification Administration and, for the purposes of this mortgage, as amended, the terms "REA" and "Administrator" shall be deemed to mean respectively "RUS" and "Administrator of the RUS"; and

WHEREAS, the Mortgagor, for value received, has heretofore duly authorized and executed, and has delivered to the Government, or has assumed the payment of, certain mortgage notes all payable in installments to the order of, or obligating the Mortgagor otherwise to the Government, of which the certain mortgage notes (hereinafter collectively called the "Outstanding RUS Notes"), identified in the eleventh recital hereof (hereinafter called the "Instruments Recital"), are now outstanding and held by the Government, all of which Outstanding RUS Notes evidence loans made by the Government either to the Mortgagor or to third parties and assumed by the Mortgagor, or loans made to the Mortgagor and guaranteed by the Government; and

WHEREAS, the Mortgagor, for value received, has heretofore duly authorized and executed, and has delivered to CFC, certain Outstanding CFC Class B Notes as identified in the Consolidated Mortgage and Security Agreement, which are no longer unpaid and outstanding and not entitled to be secured by the Mortgage; and

WHEREAS, the Mortgagor, for value received, has heretofore duly authorized and executed and has delivered to the City of La Crosse, Wisconsin, the Outstanding La Crosse Notes and has heretofore duly executed, and has delivered to the City of La Crosse, Wisconsin, which has assigned to the Trustee, the Outstanding La Crosse Notes identified in the Instruments Recital which are now outstanding; and

WHEREAS, the Outstanding RUS Notes and the Outstanding La Crosse Notes are secured by the RUS Mortgage and are identified in the Instruments Recital; and

WHEREAS, the Outstanding Notes are secured by the Mortgage made by the Mortgagor to the Mortgagees and are identified in the Instruments Recital; and

WHEREAS, the Mortgagor has determined to borrow additional funds from the Federal Financing Bank and guaranteed by the Government, and has accordingly duly authorized, executed and delivered its Current RUS Guaranteed Notes (identified in the Instruments Recital and hereinafter collectively called the "Current RUS Guaranteed Notes") to be secured by the Mortgage, as amended and supplemented hereby, of the property hereinafter described; and

WHEREAS, the repayment of the Current RUS Guaranteed Notes by the Mortgagor is guaranteed by the Government, pursuant to the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 et seq.), in accordance with a certain agreement; and

WHEREAS, in consideration of such guarantee, the Mortgagor has determined to reimburse the Government, acting through the Administrator of RUS, for certain amounts paid by the Government, acting through the Administrator of RUS from time to time pursuant to that certain guarantee by the Government, acting through the Administrator of RUS, and has accordingly duly authorized, executed and delivered its Current Reimbursement Notes (identified in the Instruments Recital and hereinafter collectively called the "Current Reimbursement Notes" and the Current RUS Guaranteed Notes and the Current Reimbursement Notes hereinafter collectively called "Current RUS Notes") to be secured by the Mortgage, as amended and supplemented hereby, of the property hereinafter described; and

WHEREAS, the instruments referred to in the preceding recitals are hereby identified as follows:

#### INSTRUMENTS RECITAL

"Current RUS Guaranteed Notes":

<u>Designation</u>	<u>Principal Amount</u>	<u>Interest Rate (per annum)</u>	<u>Final Payment Date</u>
1999 BF8	\$66,985,000	Determined when advanced	December 31, 2027
<u>Designation</u>	<u>Principal Amount</u>	<u>Interest Rate (per annum)</u>	<u>Final Payment Date</u>
1999 BF8 Reimbursement Note	Determined when advance made	Determined when advanced	On demand

<u>Designation</u>	<u>Principal Amount</u>	<u>Interest Rate</u> <u>(per annum)</u>	<u>Final Payment Date</u>
1999 BG8	\$7,925,000	Determined when advanced	December 31, 2027

<u>Designation</u>	<u>Principal Amount</u>	<u>Interest Rate</u> <u>(per annum)</u>	<u>Final Payment Date</u>
1999 BG8 Reimbursement Note	Determined when advance made	Determined when advanced	On demand

“Outstanding RUS Notes”:

<u>Note</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>
AM#2, AR#1	July 19, 1965	2,000,000.00	July 19, 2000	2%
AP#3	July 19, 1965	3,000,000.00	July 19, 2000	2%
AL#5	July 19, 1965	1,000,000.00	July 19, 2000	2%
AR#2	Jan. 20, 1967	15,000,000.00	Jan. 20, 2002	2%
AR#3	Aug. 17, 1967	20,000,000.00	Aug. 17, 2002	2%
AR#4	Sep. 20, 1968	10,000,000.00	Sep. 20, 2003	2%
AR#5, AS#1	May 15, 1969	10,000,000.00	May 15, 2004	2%
AS#2	Aug. 20, 1971	10,000,000.00	Aug. 20, 2006	2%
AS#3, AT1#1, AU1#1	Dec. 15, 1972	10,000,000.00	Dec. 15, 2007	2%
AU1#2, AV1#1	Apr. 26, 1974	10,000,000.00	Apr. 26, 2009	2%
AV1#2	Nov. 20, 1975	7,390,000.00	Nov. 20, 2010	2%
AW4#1	Dec. 16, 1977	9,198,000.00	Dec. 16, 2012	5%
TP2#2 (WI 63)	May 1, 1975	335,729.26	Nov. 1, 2007	2%
TP2#3 (WI 63)	Sep. 30, 1975	187,917.00	Aug. 29, 2010	2%
TP1#1 (WI 58)	May 1, 1975	115,000.00	Feb. 2, 2002	2%
TP1#3 (WI 58)	Sep. 30, 1975	193,000.00	Aug. 27, 2010	2%
TP3 (WI 58)	May 1, 1978	815,179.09	Aug. 27, 2010	2%
TP4 (WI 63)	May 1, 1978	947,320.14	Aug. 29, 2010	2%
AZ4#1	Aug. 17, 1979	10,000,000.00	Aug. 17, 2014	5%
AZ4#2	July 18, 1980	6,732,000.00	July 18, 2015	5%
BC9	Nov. 2, 1981	10,000,000.00	Nov. 2, 2016	5%

"Outstanding RUS Notes": (Continued)

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Maturity</u>
* AX8	Sep. 19, 1975	\$121,591,000	November 29, 2027
* AY8	Feb. 25, 1976	\$55,095,000	November 29, 2027
* BC9	May 16, 1980	\$46,738,000	May 16, 2014
* BD8	Oct. 17, 1980	\$36,935,000	November 29, 2027
* BE8	Feb. 10, 1993	\$30,394,000	December 31, 2018

\* Notes which evidence Federal Financing Bank loans which have been guaranteed by RUS. RUS has all the rights of Noteholder for purposes of this Mortgage.

"Outstanding La Crosse Notes":

<u>Note Designation</u>	<u>Note Date</u>	<u>Principal Amount</u>	<u>Final Payment Date</u>
Series 1997A	July 23, 1997	\$7,545,000	September 1, 2014
Series 1997B	July 23, 1997	\$12,250,000	February 1, 2015
Series 1997C	August 7, 1997	\$3,810,000	February 1, 2015

"RUS Mortgage":

<u>Instrument</u>	<u>Date</u>
Consolidated Mortgage and Security Agreement	February 10, 1993
Supplement to Consolidated Mortgage and Security Agreement	July 1, 1997

WHEREAS, it was the intention of the Mortgagor at the time of the execution of the RUS Mortgage (or, if the RUS Mortgage consists of more than one instrument, at the time of the execution of the earliest instrument thereof) that the property of the Mortgagor of the classes described therein, as being mortgaged or pledged thereby, or intended so to be, whether then owned or thereafter acquired, would secure certain Notes of the Mortgagor executed and delivered prior to the execution and delivery of the RUS Mortgage (or, if the Mortgage consists of more than one instrument, prior to the execution and delivery of the earliest instrument thereof), and certain Notes of the Mortgagor when and as executed and delivered under and pursuant to the RUS Mortgage, as from time to time amended or supplemented, and it is intended by the Mortgagor to confirm hereby the RUS Mortgage and the property therein described as being mortgaged or pledged, or intended so to be, as security for the Outstanding Notes, and other Notes of the Mortgagor when and as executed and delivered under and pursuant to the RUS Mortgage, as amended and supplemented hereby; and



WHEREAS, the RUS Mortgage provides that the Mortgagor shall, upon the written demand of the Government and the Trustee, duly authorize, execute, and deliver and record and file all such supplemental mortgages and conveyances as may reasonably be requested by the Government and the Trustee to effectuate the intention of the RUS Mortgage and to provide for the conveying, mortgaging and pledging of the property of the Mortgagor intended to be conveyed, mortgaged or pledged by the RUS Mortgage to secure the payment of the principal of and interest on notes executed and delivered thereunder and pursuant thereto, or otherwise secured thereby, the Government and the Trustee have in writing requested the execution and delivery of this Supplement (hereinafter called "this Supplemental Mortgage") to the RUS Mortgage pursuant to such provision; and

WHEREAS, it is further intended by the Mortgagor, at the request and with the consent of the Mortgagees, to amend the Mortgage in the respects hereinafter set forth; and

WHEREAS, all acts, things, and conditions prescribed by law and by the articles of incorporation and bylaws of the Mortgagor have been duly performed and complied with to authorize the execution and delivery hereof and to make the RUS Mortgage, as amended and supplemented hereby, a valid and binding mortgage to secure the Outstanding Notes and other Notes of the Mortgagor when and as executed and delivered under and pursuant to the RUS Mortgage, as amended and supplemented hereby; and

WHEREAS, the Government and the Trustee are authorized to enter into this Supplemental Mortgage; and

WHEREAS, to the extent that any of the property described or referred to herein or in the Mortgage is governed by the provisions of the Uniform Commercial Code of any state (hereinafter called the "Uniform Commercial Code"), the parties hereto desire that this Supplemental Mortgage and the RUS Mortgage collectively be regarded as a "security agreement" under the Uniform Commercial Code and that this Supplemental Mortgage be regarded as a "financing statement" under the Uniform Commercial Code for said security agreement.

NOW, THEREFORE, in consideration of the premises and the sum of \$5 in hand paid by the Mortgagees to the Mortgagor, the receipt whereof by the Mortgagor prior to the execution and delivery of this Supplemental Mortgage is hereby acknowledged, this Supplemental Mortgage witnesseth as follows:

1. The Mortgagor has executed and delivered this Supplemental Mortgage and has granted, bargained, sold, conveyed, warranted, assigned, transferred, mortgaged, pledged and set over, and by these presents does hereby grant, bargain, sell, convey, warrant, assign, transfer, mortgage, pledge and set over, unto the Mortgagees and their respective assigns, all and singular the real and personal property described in the RUS Mortgage as being mortgaged thereby and all and singular the real and personal property of the Mortgagor falling within the classes of property embraced in the description of the "Mortgaged Property" set forth in the RUS Mortgage, including,

without limitation, all and singular the real and personal property of said description heretofore or hereafter acquired by or constructed by or on behalf of the Mortgagor, and wheresoever situate, including, without limitation, the "Existing Electric Facilities" identified and the real estate specifically described (by reference to deeds or otherwise) in the Mortgage and mortgaged thereby (except such portions, if any, thereof as have been released prior to the execution and delivery of this Supplemental Mortgage), and including, without limitation, the following described real estate, to wit:

A. The electric generating plants and facilities and electric transmission and distribution lines and facilities and other property and property interests referred to in Paragraph I of the Granting Clause are located in the Counties of Ashland, Barron, Bayfield, Buffalo, Burnett, Chippewa, Clark, Crawford, Dunn, Eau Claire, Grant, Iron, Jackson, Juneau, La Crosse, Lafayette, Marathon, Monroe, Pepin, Pierce, Polk, Price, Richland, Rusk, Sauk, Sawyer, St. Croix, Taylor, Trempealeau, Vernon, Washburn and Wood, in the State of Wisconsin; Chisago, Dodge, Fillmore, Freeborn, Goodhue, Hennepin, Houston, Mower, Olmsted, Wabasha and Winona, in the State of Minnesota; Allamakee, Chickasaw, Clayton, Fayette, Floyd, Howard, Mitchell, Winnebago, Winneshiek and Worth, in the State of Iowa; and Carroll and Jo Daviess, in the State of Illinois.

B. The other property referred to in Paragraph I of the Granting Clause includes the following, more particularly described in Appendix A hereto.

AND ALSO including, without limitation:

## I

All right, title and interest of the Mortgagor in and to all extensions and improvements of the "Existing Electric Facilities", as provided above, and additions thereto, including all substations, service and connecting lines (both overhead and underground), poles, towers, posts, crossarms, wires, cables, conduits, mains, pipes, tubes, transformers, insulators, meters, electrical connections, lamps, fuses, junction boxes, fixtures, appliances, generators, dynamos, water turbines, water wheels, boilers, steam turbines, motors, switch boards, switch racks, pipe lines, machinery, tools, supplies, switching and other equipment, and any and all other property of every nature and description, used or acquired for use by the Mortgagor in connection therewith;

## II

All right, title and interest of the Mortgagor in, to and under any and all grants, privileges, rights of way and easements now owned, held, leased, enjoyed or exercised, or which may hereafter be owned, held, leased, acquired, enjoyed or exercised, by the Mortgagor for the purposes of, or in connection with, the construction or operation by or on behalf of the Mortgagor of electric transmission or distribution lines, or systems, whether underground or overhead or otherwise, or of any electric generating plant, wherever located;

### III

All right, title and interest of the Mortgagor in, to and under any and all licenses, franchises, ordinances, privileges and permits heretofore granted, issued or executed, or which may hereafter be granted, issued or executed, to it or to its assignors by the United States of America, or by any state, or by any county, township, municipality, village or other political subdivision thereof, or by any agency, board, commission or department of any of the foregoing, authorizing the construction, acquisition, or operation of electric transmission or distribution lines, or systems, or any electric generating plant or plants, insofar as the same may by law be assigned, granted, bargained, sold, conveyed, transferred, mortgaged, or pledged;

### IV

All right, title and interest of the Mortgagor in, to and under any and all contracts heretofore or hereafter executed by and between the Mortgagor and any person, firm, or corporation providing for the purchase, sale or exchange of electric power or energy by the Mortgagor together with any and all other accounts, contract rights and general intangibles (as such terms are defined in the applicable Uniform Commercial Code) heretofore or hereafter acquired by the Mortgagor;

### V

Also, all right, title and interest of the Mortgagor in and to all other property, real or personal, tangible or intangible, of every kind, nature and description, and wheresoever situated, now owned or hereafter acquired by the Mortgagor, it being the intention hereof that all such property now owned but not specifically described herein or acquired or held by the Mortgagor after the date hereof shall be as fully embraced within and subjected to the lien hereof as if the same were now owned by the Mortgagor and were specifically described herein to the extent only, however, that the subjection of such property to the lien hereof shall not be contrary to law;

Together with all rents, income, revenues, profits, proceeds and benefits at any time derived, received or had from any and all of the above-described property of the Mortgagor.

Provided, however, that except as provided in section 4.13 of article IV of the Mortgage, no automobiles, trucks, trailers, tractors or other vehicles (including without limitation aircraft or ships, if any) owned or used by the Mortgagor shall be included in the property mortgaged by the RUS Mortgage and this Supplemental Mortgage.

TO HAVE AND TO HOLD the same forever, for the uses and purposes and upon the terms, conditions, provisos and agreements expressed and declared in the RUS Mortgage, as amended and supplemented hereby.

2. The RUS Mortgage is amended by the addition, in alphabetical order, of the following definitions to Article I:

Contributions in Aid of Construction shall mean an amount constituting the contributions in aid of construction to the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

Debt Service Coverage Ratio (DSC) shall mean the ratio determined as follows: for each calendar year the total of (i) Net Patronage Capital or Margins of the Mortgagor, (ii) Interest on Long-Term Debt of the Mortgagor provided, however, that in computing Interest on Long-Term Debt, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the rentals of Restricted Property under Long-Term Leases paid by the Mortgagor, in excess of 2% of the net of the Mortgagor's Total Margins and Equities less Regulatory Assets and (iii) Depreciation and Amortization Expense of the Mortgagor, and dividing the total so obtained by an amount equal to the sum of all payments of principal and interest required to be made on account of Total Long-Term Debt during such calendar year, provided, however, that in computing this sum, there shall be added to interest expenses, to the extent not otherwise included, an amount equal to 33-1/3% of the rentals of Restricted Property under Long-Term Leases paid by the Mortgagor, in excess of 2% of the net of the Mortgagor's Total Margins and Equities less Regulatory Assets.

Interest Charged to Construction shall mean an amount constituting the interest charged to construction by the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

Interest on Long Term Debt shall mean an amount constituting the interest expense of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

Margins and Equities shall mean margins and equities determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

Regulatory Assets shall mean the sum of any amounts properly recordable as unrecovered plant and regulatory study costs or as other regulatory assets as determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

Taxes shall mean an amount constituting the taxes of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

Times Interest Earned Ratio (TIER) shall mean the ratio determined as follows: for each calendar year the total of (i) Net Patronage Capital or Margins of the Mortgagor, and (ii) Interest on Long-Term Debt of the Mortgagor, and dividing the total so obtained by Interest on Long-Term Debt of the Mortgagor; provided however, that in computing Interest on Long-Term Debt, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the rentals of Restricted Property under Long-Term Leases paid by the Mortgagor, in excess of 2% of the net of the Mortgagor's Total Margins and Equities less Regulatory Assets.

Total Maintenance Expense shall mean an amount constituting the total maintenance expense of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

Total Margins and Equities shall mean an amount constituting the total margins and equities of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

Total Operating Expense shall mean an amount constituting the total operating expense of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

Total Operating Revenues shall mean an amount constituting the total operating revenues of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

3. Article I of the RUS Mortgage is amended by replacing the definition of Depreciation and Amortization Expense with the following:

Depreciation and Amortization Expense shall mean an amount constituting the depreciation and amortization of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

4. Article I of the RUS Mortgage is amended by replacing the definition of Net Patronage Capital and Margins with the following:

Net Patronage Capital or Margins shall mean an amount constituting the net patronage capital or margins of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

5. Article I of the RUS Mortgage is amended by replacing the definition of Total Long-Term Debt with the following:

Total Long-Term Debt shall mean an amount constituting the total long-term debt of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

6. Article I of the RUS Mortgage is amended by replacing the definition of Total Utility Plant with the following:

Total Utility Plant shall mean an amount constituting the total utility plant of the Mortgagor determined in accordance with the Uniform System of Accounts and reported on RUS Form 12a.

7. Article IV, Section 4.15(a) of the RUS Mortgage is amended to read in its entirety as follows:

Section 4.15 TIER and DSC Requirements Pertaining to Rates.

(a)(1) The Mortgagor shall design and implement rates for electric energy and other services furnished by it to provide sufficient revenue (along with other revenue available to the Mortgagor) (i) to pay all fixed and variable expenses when and as due, (ii) to provide and maintain reasonable working capital, and (iii) to maintain, on an annual basis the Coverage Ratios.

(2) The Mortgagor shall give thirty (30) days prior written notice of any proposed change in its general rate structure to each of the Mortgagees.

(b)(1) The Average Coverage Ratios achieved by the Mortgagor in the two (2) best years out of the three (3) most recent calendar years must not be less than 1.05 for TIER and 1.0 for DSC.

(2) Promptly following the end of each calendar year, the Mortgagor shall report in writing to the Mortgagees the TIER and DSC levels which were achieved during that calendar year.

(3) If the Mortgagor fails to achieve the average levels required by paragraph (b)(1) of this section, it must promptly notify the Mortgagees in writing to that effect.

(4) Within thirty (30) days of sending a notice to the Government under paragraph (b)(3) of this section, or of being notified by the Government, whichever is earlier, the Mortgagor in consultation with the Government shall provide a written plan satisfactory to the Government setting forth the actions that shall be taken to achieve the required Coverage Ratios on a timely basis.

8. The Outstanding Notes are hereby confirmed as notes of the Mortgagor entitled to the security of the RUS Mortgage, as amended and supplemented by this Supplemental Mortgage, and of the property by the RUS Mortgage and this Supplemental Mortgage mortgaged and pledged, or intended so to be, equally and ratably with one another and with other notes of the Mortgagor when and as executed and delivered under and pursuant to the RUS Mortgage, as amended and supplemented hereby, without preference, priority or distinction as to interest or principal (except as otherwise specifically provided in the Mortgage, as amended and supplemented hereby) or as to lien or otherwise, of any one of the Outstanding Notes or such other Notes over any other thereof and irrespective of the date of the execution, delivery or maturity thereof, or of the assignment or negotiation thereof or otherwise.

9. Additional Notes executed and delivered pursuant to Section 3.01 of Article III of the RUS Mortgage, as amended hereby, are hereby included within the terms "Additional Notes" and "Note or Notes", as defined in the RUS Mortgage, as amended hereby.

10. Any reference in this Supplemental Mortgage or in the RUS Mortgage to the Administrator shall be deemed to mean the Administrator of the Rural Utilities Service or his duly authorized representative or any other person or authority in whom may be vested the duties and functions which the Administrator is now or may hereafter be authorized by law to perform.

11. Any reference in the RUS Mortgage to the "Rural Electrification Administration" or to "REA" shall be deemed to mean respectively the "Rural Utilities Service" or "RUS".

12. All demands, notices, reports, approvals, designations, or directions required or permitted to be given under the RUS Mortgage, as amended hereby, shall be in writing and shall be deemed to be properly given if mailed by registered mail addressed to the proper party or parties at the following addresses:

As to the Mortgagor: as stated in the testimonium clause hereof.

As to the Mortgagees: The Government:  
Rural Utilities Service  
Washington, D. C. 20250-1500

First Trust Company of New York, National Association, Trustee  
100 Wall Street  
New York, New York 10015

and as to any other person, firm, corporation or governmental body or agency having an interest herein by reason of being the holder of any note or otherwise, at the last address designated by such person, firm, corporation, governmental body or agency to the Mortgagor and the Mortgagees. The Mortgagor or the Mortgagees may from time to time designate to each other a new address to which demands, notices, reports, approvals, designations or directions may be addressed and from and after any such designation the address designated shall be deemed to be the address of such party in lieu of the address hereinabove given.

13. To the extent that any of the property described or referred to herein and in the Mortgage is governed by the provisions of the Uniform Commercial Code, the RUS Mortgage and this Supplemental Mortgage, collectively, are hereby deemed a "security agreement" under the Uniform Commercial Code, and this Supplemental Mortgage is also hereby declared to be a "financing statement", under the Uniform Commercial Code for said security agreement. The mailing address of the Mortgagor as debtor, and of the Mortgagees as secured parties, are as set forth in the RUS Mortgage and in Section 12 of this Supplemental Mortgage.

14. All of the terms, provisions and covenants of the RUS Mortgage, except as expressly modified hereby, shall be and remain in full force and effect.

15. The invalidity of any one or more phrases, clauses, sentences, paragraphs or provisions of this Supplemental Mortgage shall not affect the validity of the remaining portions hereof.

16. This Supplemental Mortgage may be simultaneously executed in any number of counterparts, and all of said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, DAIRYLAND POWER COOPERATIVE, 3200 East Avenue South, La Crosse, Wisconsin 54602-0817, as Mortgagor, has caused this Supplemental Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, FIRST TRUST COMPANY OF NEW YORK, NATIONAL ASSOCIATION, TRUSTEE, as Mortgagee, has caused this Supplemental Mortgage to be signed in its name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, and UNITED STATES OF AMERICA, as Mortgagee, has caused this Supplemental Mortgage to be duly executed in its behalf, all as of the day and year first above written.

DAIRYLAND POWER COOPERATIVE

by *William L. Berg*  
WILLIAM L. BERG  
President and CEO

(Seal)

Attest:

*Laurie A. Engen*  
LAURIE A. ENGEN  
Assistant Secretary

Executed by the Mortgagor in  
the presence of:

*Robert C. Muth*  
*[Signature]*  
Witnesses



UNITED STATES OF AMERICA

by

  
Wally Beyer  
Administrator

of the  
Rural Utilities Service

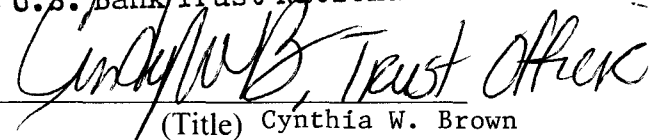
Executed by United States of America,  
Mortgagee, in the presence of:

Cheryl D. Black  
Glenda Peice Lott  
Witnesses

FIRST TRUST COMPANY OF NEW YORK,  
NATIONAL ASSOCIATION, TRUSTEE

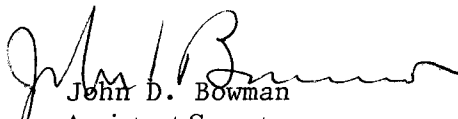
Now Named

by U.S. Bank Trust National Association

  
(Title) Cynthia W. Brown

(Seal)

Attest:

  
John D. Bowman  
Assistant Secretary

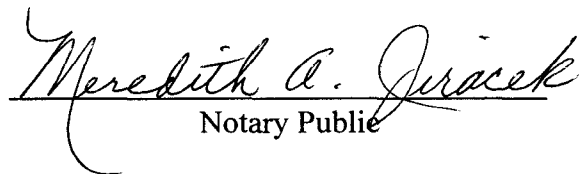
Executed by First Trust Company of New York,  
National Association, Trustee, Mortgagee, in the  
presence of: Now Named

U.S. Bank Trust National Association  
Alan A. Walker  
Beverly A. Lerner  
Witnesses

STATE OF WISCONSIN                    )  
  ) SS  
COUNTY OF LA CROSSE                )

On this 27TH day of September, 1999, personally came before me, William L. Berg, President and CEO, and Laurie Engen, Assistant Secretary, of DAIRYLAND POWER COOPERATIVE, a corporation, to me known to be the persons who executed the foregoing instrument and to be such officers, and acknowledged that they executed the same as such officers as the free act and deed of said corporation by its authority.

I hereby certify that said instrument was executed in my presence and in the presence of the subscribing witnesses aforesaid.

  
Notary Public

(Notarial Seal)

My commission expires: 07/22/2001

DISTRICT OF COLUMBIA ) SS

On this 13<sup>th</sup> day of SEPT. , 1999 , personally appeared before me  
WALLY BEYER , who, being duly sworn, did say that he is the  
Administrator of the Rural Utilities Service, United States of America, an agency of the United  
States of America and acknowledged to me that, acting under a delegation of authority duly given  
and evidenced by law and presently in effect, he executed said instrument as the act and deed of the  
United States of America for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have heretofore set my hand and official seal the day  
and year last above written.

James F. Mothershed

Notary Public

JAMES F. MOTHERSHED

(Notarial Seal)

My commission expires: 6-14-2004

STATE OF NEW YORK )  
 ) SS  
COUNTY OF KINGS )

On the 24<sup>th</sup> day of September, in the year 1999, before me, personally came Cynthia W. Brown, to me known, who, being by me duly sworn, did depose and say that she resides in New York, New York, that she is a Trust Officer of U.S. Bank Trust National Association, a corporation described in and which executed the above instrument, that she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was affixed by order of the board of directors of said corporation; and that she signed her name thereto by like order.

Patricia J. Cowan  
Notary Public

(Notarial Seal)

My commission expires:

PATRICIA V. COWART  
Notary Public, State of New York  
No. 01C05085376  
Qualified in Kings County  
Commission Expires Sept. 22, 01